



Income Tax Withholding Newsletter

News and developments

A publication of Sales and Withholding Taxes Section

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ELECTRONIC FILING: INCOME TAX WITHHOLDING INFORMATION RETURNS

The Tax Commissioner's Office has implemented two very important changes regarding annual information returns required under the income tax withholding law. First, the Tax Commissioner has developed a system to allow employers and service providers to conveniently submit W-2 and 1099

information through a secure on-line system. Secondly, taxpayers that submit information returns on-line or by supplying a digital file on magnetic media (cd, 3½" floppy disk, zip disk or e-mail attachment) are no longer required to file a *Form 307 Transmittal of Wage and Tax Statement*. A paper *Form 307* is required only if information returns are also submitted to the Tax Commissioner on paper. For more detail about submitting information returns and the required format for magnetic media or electronic files, see the *Income tax guideline: Information returns* document available on our web site.

If you have registered on-line to file income tax withholding returns by WebFile or by E-File, you already have access to the upload system, which will be available as an option on the WebFile main menu by January 1, 2007. However, you will need to complete a brief on-line registration process before you can upload

your information returns if you file your withholding tax returns by paper or you registered for E-File with a paper application. To register for the upload system, go to www.nd/tax, click on **Income Tax Withholding** on the left side of the page, then on **Electronic Filing**. See the [Getting Started](#) link under the Information Return Upload section of the page.

The Tax Commissioner will mail a *Form 307 Transmittal of Wage and Tax Statement* to every company registered for income tax withholding and to each company that is not required to register but has previously submitted information returns as required by law. Please remember a *Form 307* is not required if the information returns are submitted electronically or on magnetic media. 

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ELECTRONIC FILING: FORM 306 INCOME TAX WITHHOLDING RETURNS

The Office of State Tax Commissioner offers two electronic methods to file the *Form 306 North Dakota Income Tax Withholding Return*. All employers registered with the Tax Commissioner's Office for income tax withholding may register to file returns electronically. Once registration is complete, the Tax Commissioner sends an e-mail reminder about each upcoming return due date rather than mailing a paper return. Employers may also authorize payroll service providers, accountants or other designated representatives to file electronic returns on their behalf. The two forms of electronic filing are as follows:


- **Withholding WebFile.** WebFile is a secure on-line service that allows an authorized user to file withholding returns over the Internet. Payment for the return is made by an ACH Debit transaction. An ACH Debit is an electronic transfer of funds where you authorize the State of North Dakota




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to withdraw payment for the return from your bank account. If you file your return before the due date, you may specify a payment date of any business day up to the due date of the return. Registration for WebFile must be completed on-line.

- **Withholding E-File.** The employer or the employer's authorized representative initiates an ACH Credit. An ACH Credit is an electronic transfer of funds where you instruct your bank to transfer payment from your bank account to the State's account. The ACH Credit also serves as the return because it contains all the necessary information for the reporting period. Registration for E-File may be completed on-line or by a paper application. On-line registration is recommended because it will provide access to other on-line features. These on-line features allow authorized users to view previously filed withholding returns, upload W-2 information, change filing methods, and authorize or remove system access to other individuals.

To register on-line, go to www.nd/tax, click on **Income Tax Withholding** on the left side of the page, then on **Electronic Filing**. The [Getting Started](#) link provides detailed instructions for on-line registration. Our *WebFile Instructions Guideline*, which describes the WebFile system in more detail, is also available on our web site. 

WITHHOLDING TELEFILE OPTION NO LONGER AVAILABLE

The Withholding WebFile service replaced the TeleFile system (submit returns over telephone) in September 2006. Returns may no longer be filed through TeleFile. If you were registered to TeleFile but have not yet registered for Withholding WebFile or E-File, our office has changed your filing method back to paper returns. If you would like to resume electronic filing, please use the on-line registration and select one of the two available methods described above. If you have any questions about electronic filing or need assistance with the registration process, please contact our office. More information is also available on our web site. 

RECAP OF ELECTRONIC FILING METHODS – INCOME TAX WITHHOLDING

Form 306 Income Tax Withholding Return

- WebFile – submit return on the Internet, pay by ACH Debit
- E-File – submit return data and payment by ACH Credit
- Amended 306 returns must be filed on paper forms

Annual Information Returns

- Information returns must be filed on magnetic media or electronically if both of the following apply:
 - o There is a requirement to file the information magnetically or electronically for federal purposes, and
 - o The quantity of information returns to be filed with North Dakota is 250 or more
- Anyone required to file information returns may elect to file on magnetic media or electronically
- Available methods to file Information Returns:
 - o Upload electronic file from Tax Commissioner's web site
 - o Mail cd, 3½" floppy disk, or zip disk to Magnetic Media Coordinator (**cartridges are no longer an acceptable form of magnetic media**)
 - o E-mail a text file attachment to magmedia@nd.gov
 - o Mail *Form 307* with paper copies of *W-2* and *1099* to Sales and Withholding Taxes Section
 - o Submit all corrections on paper (Form W-2c or corrected Form 1099)

For your security, on-line registration is required for WebFile, E-File, and uploading information return data. A paper *Form 307* is required only when paper W-2s and 1099s are mailed to the Tax Commissioner. 